

AMENDED IN SENATE MAY 2, 2011

**SENATE BILL**

**No. 583**

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**Introduced by Senator Vargas**  
**(Principal coauthor: Senator Steinberg)**  
**(~~Coauthor: Senator~~ Coauthors: Senators DeSaulnier and Emmerson)**  
(Coauthors: Assembly Members Cook, *Garrick*, and Silva)

February 17, 2011

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An act to repeal, add, and repeal Article 17 (commencing with Section 18881) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 583, as amended, Vargas. Personal income tax: voluntary contributions: ALS/Lou Gehrig's Disease Research Fund.

Existing personal income tax allow individual taxpayers to contribute amounts in excess of their tax liability for the support of specified funds, including the ALS/Lou Gehrig's Disease Research Fund. Those laws repeal the ALS/Lou Gehrig's Disease Research Fund on January 1, 2013, or on the taxable year beginning on or after January 1 of the calendar year in which the Franchise Tax Board estimates, by September 1, that the contributions made on returns filed in that calendar year will be less than a minimum contribution amount, *as defined*, whichever occurs first. ~~Those laws define "minimum contribution amount" as \$250,000 for each calendar year.~~

This bill would repeal those provisions and reenact similar provisions, except that the January 1, 2013, repeal date would be extended to January 1, 2016, ~~and the minimum contributions amount would be reduced to \$200,000.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 17 (commencing with Section 18881) of  
2 Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation  
3 Code is repealed.

4 SEC. 2. Article 17 (commencing with Section 18881) is added  
5 to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation  
6 Code, to read:

7  
8 Article 17. ALS/Lou Gehrig's Disease Research Fund  
9

10 18881. The Legislature finds and declares all of the following:

11 (a) Amyotrophic lateral sclerosis (ALS), more commonly known  
12 as Lou Gehrig's disease, is a degenerative disease of the motor  
13 nerves that causes progressive weakness of all voluntary muscles.  
14 People with ALS become unable to move, swallow, speak, and  
15 breathe without assistance, usually remaining fully aware of what  
16 is happening to them and their families.

17 (b) ALS is a fatal disease. There is no cure and only one drug  
18 therapy, which allows the patient a month or two more of life.  
19 Most ALS patients die within two to five years of symptom onset.  
20 Every 90 minutes someone is diagnosed with ALS and every 90  
21 minutes someone dies of the disease. ALS knows no racial, ethnic,  
22 or socioeconomic boundaries, often striking people at midlife and  
23 at the height of family and financial responsibilities.

24 (c) The devastating physical, emotional, and financial effects  
25 caused by the progression of ALS and the 24-hour-a-day,  
26 seven-day-a-week caregiving required impact not only the patient,  
27 but the entire family. ALS is a family disease and the need for  
28 research is dire.

29 (d) It is the intent of the Legislature, in enacting this article, to  
30 establish a systematic program to conduct research regarding the  
31 cause, cure, and prevention of ALS. The outcome of this research  
32 may have direct effects and consequences on the development of  
33 a comprehensive system that may identify the cause, cure, and  
34 prevention of ALS, as well as improving the screening, diagnosis,  
35 and treatment of victims of ALS. This program shall award grants

1 to eligible physicians, hospitals, laboratories, educational  
2 institutions, and other organizations and persons for the purpose  
3 of enabling organizations and persons to conduct research.

4 18882. (a) Any individual may designate on the tax return that  
5 a contribution in excess of the tax liability, if any, be made to the  
6 ALS/Lou Gehrig's Disease Research Fund, which is established  
7 by Section 18883.

8 (b) The contributions shall be in full dollar amounts and may  
9 be made individually by each signatory on a joint return.

10 (c) A designation under subdivision (a) shall be made for any  
11 taxable year on the initial return for that taxable year, and once  
12 made shall be irrevocable. In the event that payment and credits  
13 reported on the return, together with any other credits associated  
14 with the individual's account, do not exceed the individual's  
15 liability, the return shall be treated as though no designation has  
16 been made.

17 (d) When another voluntary contribution designation is removed  
18 from the tax return, *or as soon as space is available on the tax*  
19 *return*, the Franchise Tax Board shall revise the forms of the return  
20 to include a space labeled the "ALS/Lou Gehrig's Disease Research  
21 Fund" to allow for the designation permitted under subdivision  
22 (a). The forms shall also include in the instructions, information  
23 that the contribution may be in the amount of one dollar (\$1) or  
24 more and that the contribution shall be used to conduct research  
25 relating to the cure, screening, and treatment of ALS.

26 (e) It is the intent of the Legislature that the ALS/Lou Gehrig's  
27 Disease Research Fund be placed on the tax return as soon as space  
28 is available.

29 (f) A deduction shall be allowed under Article 6 (commencing  
30 with Section 17201) of Chapter 3 of Part 10 for any contribution  
31 made pursuant to subdivision (a).

32 18883. There is hereby established in the State Treasury the  
33 ALS/Lou Gehrig's Disease Research Fund to receive contributions  
34 made pursuant to Section 18882. The Franchise Tax Board shall  
35 notify the Controller of both the amount of money paid by  
36 taxpayers in excess of their tax liability and the amount of refund  
37 money that taxpayers have designated pursuant to Section 18882  
38 to be transferred to the ALS/Lou Gehrig's Disease Research Fund.  
39 The Controller shall transfer from the Personal Income Tax Fund  
40 to the ALS/Lou Gehrig's Disease Research Fund an amount not

1 in excess of the sum of the amounts designated by individuals  
2 pursuant to Section 18882 for payment into that fund.

3 18884. All money transferred to the ALS/Lou Gehrig's Disease  
4 Research Fund, upon appropriation by the Legislature, shall be  
5 allocated as follows:

6 (a) To the Franchise Tax Board and the Controller for  
7 reimbursement only of all costs incurred by the Franchise Tax  
8 Board and the Controller in connection with their duties under this  
9 article.

10 (b) (1) To the State Department of Public Health, for allocation  
11 to the Amyotrophic Lateral Sclerosis Association, an organization  
12 exempt from taxation under Section 501(c)(3) of the Internal  
13 Revenue Code, to provide research grants to develop and advance  
14 the understanding, techniques, and modalities effective in the  
15 prevention, treatment, and cure of ALS.

16 (2) Except as provided in subdivision (a), funds made available  
17 pursuant to this article shall be used only to provide grants as  
18 prescribed by this subdivision. Funds made available pursuant to  
19 this subdivision shall not be used by the Amyotrophic Lateral  
20 Sclerosis Association for administrative purposes, to reimburse  
21 their costs associated with administering grants, to further their  
22 programs, or for any purpose relating to their own operations.

23 18885. For the purpose of this article, "research" shall include,  
24 but not be limited to, clinical trials, as well as expenditures to  
25 develop and advance the understanding, techniques, and modalities  
26 effective in the prevention, cure, screening, and treatment of ALS.

27 18886. (a) Unless repealed earlier pursuant to subdivision (b),  
28 this article shall remain in effect only until January 1, 2016, and  
29 as of that date is repealed.

30 (b) (1) By September 1 of the first calendar year that the  
31 ALS/Lou Gehrig's Disease Research Fund appears on the tax  
32 return, and by September 1 of each subsequent calendar year, the  
33 Franchise Tax Board shall do all of the following:

34 (A) Determine the minimum contribution amount required to  
35 be received during the next calendar year for the fund to appear  
36 on the tax return for the taxable year that includes the next calendar  
37 year.

38 (B) Provide written notification to the State Department of  
39 Public Health of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not equal at least the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, “minimum contribution amount” for a calendar year means two hundred thousand dollars (~~\$200,000~~) *fifty thousand dollars (\$250,000)* for the third calendar year that the ALS/Lou Gehrig’s Disease Research Fund appears on the tax return, or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year beginning with the ~~third~~ *second* calendar year that the ALS/Lou Gehrig’s Disease Research Fund appears on the tax return, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

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